



GOE Summary

Program Description

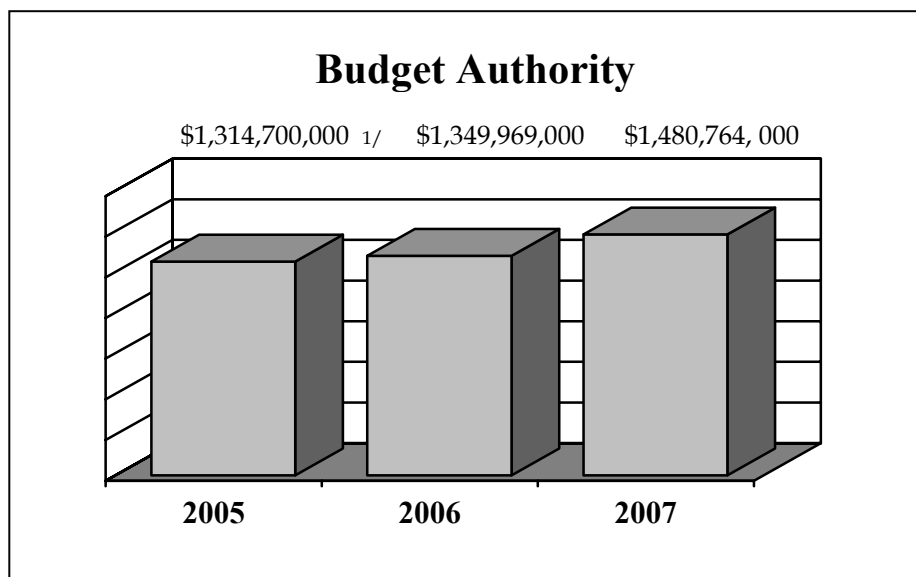
The GOE Appropriation, along with reimbursements from: (1) the credit appropriations; (2) surplus earnings from certain insurance programs; and (3) other miscellaneous accounts provides funding for the administration of all VA non-medical benefits and support functions. It includes two activities: the Veterans Benefits Administration (VBA) and General Administration.

VBA operates a national network of 57 regional offices and other specialized centers which are the main contact points for veterans regarding benefits matters with the Department of Veterans Affairs. All applications for non-medical benefits are processed through these locations.

General Administration consists of the Office of the Secretary, six Assistant Secretaries, and three independent staff offices. The Office of the Secretary and Assistant Secretaries provide Department-level policy guidance. The Staff offices provide administrative support to the Veterans Health Administration, VBA, the National Cemetery Administration, and the Inspector General.

Summary of Budget Request

The General Operating Expenses (GOE) Appropriation request in 2007 is \$1,480,764,000 and 15,885 FTE in average employment to accomplish the missions of the Veterans Benefits Administration (VBA) and the General Administration activity. In addition, \$132,374,000 in reimbursements to the GOE account is requested from the credit accounts to administer the housing and loan programs. (An additional \$21.7 million from credit accounts will fund VA's IT fund.) All non-pay IT requirements are budgeted for in a Department-wide IT account. A description of the IT funding request can be found in the Department's IT budget chapter.



1/ 2005 includes \$139.8 million in non pay information technology (IT) funding. Beginning in 2006, all non pay IT funding is included in the VA Central IT Fund.

Within the GOE account, VBA is requesting \$1,167.9 million in Budget Authority (BA) and 13,104 FTE in 2007. The requested amount is \$113.9 million above the 2006 enacted level. (The net increase is \$89.1 million after consideration of the 2006 Hurricane Supplemental of \$24.9 million.) Additionally, VBA is requesting \$127.5 million from credit accounts to administer housing and loan programs, and \$141.5 million in other GOE reimbursements. (An additional \$21.7 million from credit accounts will fund VA's IT fund.)

In the General Administration account, \$312.9 million and 2,781 FTE are requested to support staff offices in 2007. The General Administration BA request is \$16.9 million above the enacted 2006 level. This BA, combined with \$4.9 million in reimbursements from credit accounts, and \$71.1 million in non-credit GOE reimbursements will provide for an estimated total obligational authority of \$388.8 million in 2007. A detailed description of each staff office's budget request is provided in the General Administration chapter.

Veterans Benefits Administration

VBA Mission Statement

The mission of the Veterans Benefits Administration, in partnership with the Veterans Health Administration and the National Cemetery Administration, is to provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner in recognition of their service to the nation.

VBA Vision Statement

"We are dealing with veterans, not procedures – with their problems, not ours."

Omar Bradley – 1947

Our vision is that the veterans whom we serve will feel that our nation has kept its commitment to them; employees will feel that they are both recognized for their contribution and are part of something larger than themselves; and taxpayers will feel that we've met the responsibilities they've entrusted to us. Courage, honesty, trust, respect, open communication, and accountability will be reflected in our day-to-day behavior.

VBA Core Values

- Veterans have earned our respect and our reason for being, our common purpose. All our efforts are directed toward meeting their needs.
- We are committed to communicating to our veterans and among ourselves in a timely, thorough, accurate, understandable, and respectful manner.
- We openly share our concerns and views and listen to those of veterans in order to bring about improvements in benefits and services, and the climate in which they are provided.
- We value understandable business processes that consistently produce positive results.
- We foster an environment that promotes personal and corporate initiative, risk taking, and teamwork.
- We are open to challenge and flexible in our attitudes.
- Respect, integrity, trust, and fairness are hallmarks of all our interactions.
- We value a culture where everyone is involved, accountable, respected, and appreciated.

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2007 Discretionary Budget Submission.

Program Highlights

Disability Compensation and Pensions

The Disability Compensation program provides monthly payments to veterans in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. Additionally, the program provides monthly payments, as specified by law, to surviving spouses, dependent children and dependent parents in recognition of the economic loss caused by the veteran's death during military service or, subsequent to discharge from military service, as a result of a service-connected disability.

The 2007 budget provides resources to timely and accurately process a claims workload that continues to increase. Disability compensation and other claims requiring a rating decision are projected to increase to 828,186 in 2007. This represents a 2 percent increase over the projected 811,947 claims receipts for 2006, and is based on a steady increase in workload – in claims receipts, claims complexity, and more direct contact with increasing numbers of servicemembers and veterans.

The increased disability claims workload from returning war veterans as well as from veterans of earlier periods has been continuous since 2000. VBA annual claims receipts grew 36 percent from 2000 to 2005 – from 578,773 to 788,298. In 2006, we anticipate a total of 910,126 claims receipts based on a projected 3 percent increase over the 788,298 claims receipts in 2005 to 811,947, plus 98,179 cases resulting from the special outreach required by the 2006 Appropriations Act. In 2007, we anticipate receipts will increase 2 percent over the 2006 projected receipts of 811,947, to 828,186.

In 2006, VBA's workload and resources have been impacted by the conference report accompanying the 2006 Appropriations Act. It requires VA to conduct a special outreach campaign in the states with an average annual disability compensation payment of less than \$7,300 (Connecticut, Illinois, Indiana, Michigan, New Jersey, and Ohio). As a result, VBA anticipates 98,179 additional claims receipts in 2006.

In addition to receiving more claims, the complexity of the workload continues to grow. Veterans are claiming greater numbers of disabilities. The nature of disabilities such as post-traumatic stress disorder (PTSD), complex combat injuries, diabetes and related conditions, and environmental diseases is becoming increasingly more complex. For example, the number of cases with eight or more disabilities claimed doubled from 21,814 in 2000 to 43,655 in 2005.

Changes in law and process are also having a major impact on our resource requirements. The Veterans Claims Assistance Act (VCAA) of 2000 significantly increased both the length and complexity of claims development. VA's notification and development duties increased, adding more steps to the claims process and lengthening the time it takes to develop and decide a claim. We are also now required to review the claims at more points in the decision process. With a workforce that is sufficient and correctly balanced, VBA can successfully meet the needs of our veterans, while also ensuring stewardship of taxpayer funds.

VBA will also continue efforts to enhance our data collection systems and provide additional automated tools to improve the timeliness and accuracy of the delivery of benefits and services. Ongoing VBA initiatives include: expansion of web-based technology and deliverables (i.e., web portal, TPSS); Virtual VA paperless processing; Internet self service; single ID (PIN) for veterans; enhanced phone technologies; data integration across business lines; use of the corporate database; information exchange, primarily with DoD; quality assurance programs and controls; and employee skills certification and training.

The Pensions Program provides monthly payments, as specified by law, to needy wartime veterans who are permanently and totally disabled as a result of a disability not related to military service or are age 65 or older. The program also provides monthly payments to needy surviving spouses and dependent children of deceased wartime veterans. The 2007 pensions budget request is sufficiently funded to support improvements in timeliness, accuracy and services to our veterans and their survivors.

In 2002, the Pension Maintenance Centers (PMCs) were established to consolidate processing of Eligibility Verification Reports, Income Verification Matches, and other matching programs. In 2003, income changes and dependency adjustments were added to the workload; Committee on Waivers and Compromises decisions were added in 2004. These efforts improved quality and productivity and reduced the cycle-time for processing pension cases. Original pension claims processing at the PMCs is scheduled to begin in late 2006 and continue through early 2007. This initiative will relieve field stations of their remaining pension work, allowing both regional offices and PMCs to specialize.

Education

VBA's Education programs provide veterans, servicemembers, reservists, and certain family members of veterans with educational resources. Our 2007 budget request reflects our commitment to their needs. These programs are also meant to assist in the readjustment to civilian life, help the armed forces both recruit and retain members and to provide the opportunity to enhance the Nation's competitiveness through the development of a more highly educated and productive workforce. The selection of opportunities is wide-ranging as well, from traditional degree attainment to vocational programs such as commercial flight training or on-the-job and apprenticeship training. In 2005, VA provided educational assistance benefits to over 500,000 individuals, totaling \$2.6 billion.

In 2007, VBA will continue its effort to migrate all claims processing work off the Benefits Delivery Network legacy system to the new corporate environment. The Education Expert System (TEES) initiative is included in VA's 2007 IT appropriation to build a processing system that receives application and enrollment information electronically and processes that information in the VBA corporate environment without human intervention. When fully deployed, this system will dramatically improve the speed and quality of service to our beneficiaries as well as make all Education payments in the new VETSNET corporate environment.

We continue to work with our partners and stakeholders such as the Department of Defense, educational institutions, State Approving Agencies, Congress, and others to improve service to our beneficiaries. We will also continue to improve and expand our outreach efforts to better inform all potentially eligible veterans, servicemembers, reservists, and dependents about VA's educational programs.

Vocational Rehabilitation and Employment

In 2007, VBA will continue to provide unparalleled Vocational Rehabilitation and Employment (VR&E) services to the veteran. The rate at which veterans transition from military careers to civilian careers influences the demand for program services. We anticipate that the number of individuals leaving military service will increase. To meet this demand, we will continue our outreach efforts through the Transition Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP) and provide standardized and consistent information regarding program options early in the transition process.

VR&E has scheduled three projects in 2007 that address VR&E Task Force recommendations that were included in its April 2004 report. These projects are: an Employment Services information technology web-based application (Simplicity, funded in the new VA IT appropriation); a study of veterans receiving independent living (IL) services; and Employment Coordinator Training. Simplicity and Employment Coordinator Training are being developed to strengthen our focus on employment and will assist veterans in attaining their rehabilitation goals. The independent living study will evaluate veterans receiving independent living services so that VR&E can develop a strategic plan for both staffing and resource allocation.

We continue to build partnerships with other departments, organizations, and private companies such as the Department of Defense, Department of Labor, the Small Business Administration, Department of Education (Rehabilitation Services Administration), Helmets to Hardhats, United States Army Materiel Command, Home Depot, private rehabilitation agencies, and other stakeholders. VR&E will capitalize on our relationships with the Veterans Health Administration, in the spirit of "One-VA," to bring more effective, efficient, and timely services to veterans and their families.

VR&E's Job Resource Labs will be fully deployed in all regional offices in 2006. These labs include all the necessary equipment, supplies, and resource materials to aid VR&E staff and veterans in conducting comprehensive analyses of local and national job outlooks, developing job search plans, preparing for interviews, developing resumés, and conducting thorough job searches. These self-service job resource labs will aid veterans in the job search process through the use of a comprehensive online employment preparation and job-seeking tool.

Employment coordinators continue to have an important role in assisting veterans in their job search. Presently, there are 50 employment coordinators in 37 VA regional offices across the country. Since the Five-Track Employment Model and Job Resource Labs were implemented, the number of VR&E personnel working with employers and conducting marketing initiatives has increased. VR&E continues to develop partnerships with businesses to create employment opportunities for veterans.

Housing

Planned and programmed budgetary expenditures reflect VA's priority to assist veterans in purchasing homes on terms not generally available to non-veterans. VA's partial guarantee on loans made by private lenders enables veterans, service personnel and members of the Reserve and National Guard to purchase homes with little or no down payment. Many of these borrowers would be unable to purchase a home without VA's assistance. Unless exempt, veterans pay a fee to VA that is usually financed in the mortgage loan to partially offset costs incurred due to default and foreclosure. In 2005, VA guaranteed 149,399 loans totaling \$22.5 billion. In 2006 and 2007, loan volume is estimated to increase to 230,000 as more veterans find that guaranteed loan financing is more attractive compared with interest-only loans and one-year adjustable rate mortgages.

Some veterans, like other homeowners, experience financial difficulties that may cause them to default on their home loans. When this occurs, VA strives to help veterans retain their homes through loan servicing efforts. In addition to counseling, VA may intervene directly on behalf of the veteran to work out a repayment plan. In 2006 and 2007, VA will be implementing significant improvements in the management of defaults with emphasis on loan holders being compensated for foreclosure avoidance through loss mitigation. In limited circumstances, VA may buy the loan from the holder and the veteran will make future payments directly to VA. In the event of foreclosure, VA usually acquires the property from the mortgage loan holder. The property is then transferred to a private contractor to be sold on VA's behalf.

Insurance

The Insurance Program provides life insurance benefits to veterans and service-members that may not be available from the commercial insurance industry due to lost or impaired insurability resulting from military service. VA insurance programs provide \$1.2 trillion of insurance coverage to 4.3 million veterans, plus 3.1 million spouses and children. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes. Benefits and services will be provided in an accurate, timely and courteous manner and at the lowest achievable administrative cost. Insurance coverage will be provided in reasonable amounts at competitive premium rates. A competitive, secure rate of return will be ensured on investments held on behalf of the insured.

VBA's Insurance Center, located in Philadelphia, PA, provides veterans and their dependents a full range of insurance services for those policies administered by VA. The Insurance Center is responsible for answering all insurance questions and responding to all types of policy requests, including policy changes and disability

claims. The Insurance Center is also responsible for the processing of insurance awards, which is considered one of the most important services provided by the Insurance Program.

There were two major changes to the Servicemembers Group Life Insurance (SGLI) program in 2005. Public Law 109-80 increased the maximum amount of SGLI coverage for all servicemembers. As of September 1, 2005, the maximum coverage amount in the SGLI program increased from \$250,000 to \$400,000. Public Law 109-13 established Traumatic Injury Protection Insurance (TSGLI) under the SGLI program. The new insurance program became effective December 1, 2005. TSGLI is a traumatic injury protection rider under SGLI that provides for payment between \$25,000 and \$100,000 (depending on the type of injury) to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain severe losses. The \$1 per month premium for TSGLI covers only the civilian incidence of such injuries with any excess program costs above the charged premium to be paid by Department of Defense (DoD).

In 2007, the Insurance Program will continue to maintain our already high level of performance and customer satisfaction and meet the anticipated rise in our customers' expectations. Paperless electronic workflow will be extended to most areas of insurance processing by 2007. This will help us maintain our average processing days for disbursements below the insurance industry average. We will provide world-class service through our toll-free telephone service as well as continue to improve alternative means for veterans and their representatives to reach us, including E-mail, the Interactive Voice Response (IVR) system, and the Insurance self-service Web site.

The following chart reflects VBA's total 2007 discretionary budget request.

Total VBA Summary (dollars in thousands)				
	2005 ^{1/} Actuals (incl. 75M)	2006 Budget (incl. \$50M)	Current^{1/} (incl. \$50M)	2007^{1/} Estimate
Direct	10,355	10,673	10,783	10,868
Information Technology	735	681	706	730
Management Direction and Support	1,492	1,313	1,442	1,506
FTE	12,582	12,667	12,931	13,104
(Burial FTE included in above)	174	169	166	182
Personal Services (incl. burial)	\$964,105	\$1,032,769	\$1,049,095	\$1,121,056
Travel	10,583	10,939	10,486	10,542
Interagency Motor Pool	2,566	2,605	2,782	2,604
Transportation of Things	1,811	2,922	2,622	2,513
Rent, Communications, Utilities	131,302	161,501	125,455	131,741
Printing & Reproduction	3,480	3,688	3,689	4,039
Other Services	261,069	195,681	196,533	149,771
Supplies & Materials	9,093	8,842	8,888	9,078
Equipment	26,167	12,758	11,004	5,433
Insurance Claims	31	58	58	100
VRE Loan Subsidy	0	0	0	0
Total Administrative Obligations	\$1,410,207	\$1,431,763	\$1,410,612	\$1,436,877
Total reimbursements	\$-267,901	\$-287,825	\$-265,726	\$-269,018
Unobligated SOY	\$-63,863	\$-211	\$-16,077	\$0
GOE	\$-63,863	\$-211	\$-16,077	\$0
Construction	\$0	\$0	\$0	\$0
Credit	\$0	\$0	\$0	\$0
Unobligated EOY	\$16,077	\$211	\$0	\$0
GOE	\$16,077	\$211	\$0	\$0
Construction	\$0	\$0	\$0	\$0
Credit	\$0	\$0	\$0	\$0
Transfers in From Other Accounts	\$0	\$0	\$0	\$0
Other adjustments	\$0	\$0	\$0	\$0
Total Appropriation ^{2/}	\$1,019,520	\$1,093,938	\$1,078,809	\$1,167,859
Transfers from VHA^{3/}	\$75,000	\$50,000	\$50,000	\$0
Appropriation Adjusted	\$1,094,520	\$1,143,938	\$1,128,809	\$1,167,859
Total Outlays	\$1,048,629	\$1,107,760	\$1,058,593	\$1,112,598

Note: Dollars may not add due to rounding in this and subsequent charts.

^{1/} 2005 includes non-payroll Information Technology obligations of \$135.336 million (\$111.336 million appropriated; \$24 million reimbursed). 2006 Current Estimate and 2007 Estimate do not include non-payroll IT funding which has been transferred to the new VA IT appropriation.

^{2/} 2005 includes \$545 thousand from P.L.108-324 Military Construction Appropriations Emergency Hurricane Supplemental Act of 2005. 2006 includes \$24.871 million for the Emergency Hurricane Supplemental (DoD Appropriation, P.L. 109-148), \$18.871 million in other services and \$6 million in equipment.

^{3/} In 2005, \$75 million was transferred from VHA in accordance with PL 108-324, for costs associated with processing claims; \$50 million was transferred from VHA in 2006.

The following charts summarize VBA's 2007 discretionary budget request by program.

Disability Compensation, Pensions & Burial Summary of Discretionary Appropriation Highlights (dollars in thousands)					
		2006			
Discretionary	2005 ^{1/} Actual	Budget Estimate	Current ^{1/} Estimate	2007 ^{1/} Estimate	Increase(+) Decrease(-)
FTE					
Direct Compensation	6,145	6,330	6,574	6,425	-149
Direct Pension	1,257	1,230	1,198	1,287	+89
Direct Burial	148	143	139	151	+12
Total Direct FTE	7,550	7,703	7,911	7,863	-48
Information Technology	479	439	471	488	+17
Management Direction and Support	1,049	945	1,049	1,094	+45
Total FTE	9,078	9,087	9,431	9,445	+14
Obligations:					
Personal Services	\$693,644	\$742,389	\$763,348	\$808,775	\$+45,427
Travel	6,433	5,384	5,384	5,463	+79
Interagency Motor Pool	1,792	1,549	1,825	1,606	-219
Transportation of Things	1,186	1,851	1,863	1,700	-163
Rent, Communications & Utilities	89,611	113,187	89,947	94,320	+4,373
Printing	2,209	1,771	2,126	2,120	-6
Other Services	184,152	111,791	134,264	102,946	-31,318
Supplies and Materials	5,757	5,362	5,362	5,418	+56
Equipment	16,185	6,540	7,121	1,378	-5,743
Insurance Claims	23	43	43	74	+31
Total Administrative Obligations	\$1,000,992	\$989,867	\$1,011,283	\$1,023,800	\$+12,517
Reimbursements	\$-79,404	\$-94,803	\$-94,803	\$-99,446	\$-4,643
Unobligated balance SOY	\$-58,220	\$0	\$-16,077	\$0	\$+16,077
Unobligated balance EOY	\$16,077	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0	\$0
Other adjustments	\$0	\$0	\$0	\$0	\$0
Total Appropriation ^{2/}	\$810,445	\$845,064	\$850,403	\$924,354	\$+23,951
Transfers from VHA ^{3/}	\$69,000	\$50,000	\$50,000	\$0	\$-50,000
Appropriation Adjusted	\$879,445	\$895,064	\$900,403	\$924,354	\$-26,049
Outlays (net)	\$848,049	\$867,797	\$838,549	\$877,259	\$+38,710

Note: Dollars may not add due to rounding in this and subsequent charts.

^{1/} 2005 includes non-payroll Information Technology obligations of \$93.694 million (appropriated). 2006 Current Estimate and 2007 Estimate do not include non-payroll IT funding which has been transferred to the new VA IT appropriation.

^{2/} 2005 includes \$545 thousand from P.L.108-324 Military Construction Appropriations Emergency Hurricane Supplemental Act of 2005. 2006 includes \$24.871 million for the Emergency Hurricane Supplemental (DoD Appropriation, P.L. 109-148), \$18.871 million in other services and \$6 million in equipment.

^{3/} In 2005, \$69 million was transferred from VHA in accordance with PL 108-324, for costs associated with processing claims; \$50 million was transferred from VHA in 2006.

Education Summary of Discretionary Appropriation Highlights (dollars in thousands)					
Discretionary	2005 ^{1/} Actual	2006		2007 ^{1/} Estimate	Increase(+) / Decrease(-)
		Budget Estimate	Current ^{1/} Estimate		
FTE					
Direct	687	717	724	758	+34
Information Technology	73	69	64	66	+2
Management Direction and Support	92	88	96	106	+10
Total FTE	852	874	884	930	+46
Obligations:					
Personal Services	\$60,805	\$66,895	\$67,472	\$74,061	\$+6,589
Travel	717	1,152	759	815	+56
Interagency Motor Pool	159	267	168	180	+12
Transportation of Things	84	389	89	95	+6
Rent, Communications & Utilities	8,500	12,002	9,452	9,856	+404
Printing	628	1,179	879	1,229	+350
Other Services	10,985	18,321	7,773	4,584	-3,189
Supplies and Materials	562	946	600	670	+70
Equipment	1,610	800	800	816	+16
Insurance Claims	2	4	4	7	+3
Total Administrative Obligations	\$84,052	\$101,955	\$87,996	\$92,313	\$+4,317
Reimbursements	\$-794	\$-2,390	\$-2,390	\$-2,200	\$+190
Unobligated SOY	\$-2,528	\$-134	\$0	\$0	\$0
Unobligated EOY	\$0	\$134	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0	\$0
Other Adjustments	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$80,730	\$99,565	\$85,606	\$90,113	\$+4,507
Transfers from VHA	\$0	\$0	\$0	\$0	\$0
Appropriation Adjusted	\$80,730	\$99,565	\$85,606	\$90,113	\$+4,507
Outlays (net)	\$76,330	\$95,555	\$82,898	\$87,359	\$+4,461

Note: Dollars may not add due to rounding in this and subsequent charts.

^{1/} 2005 includes non-payroll Information Technology obligations of \$6.285 million (appropriated). 2006 Current Estimate and 2007 Estimate do not include non-payroll IT funding which has been transferred to the new VA IT appropriation.

Vocational Rehabilitation & Employment
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2006			
Discretionary	2005 ^{1/} Plan	Budget Estimate	Current ^{1/} Estimate	2007 ^{1/} Estimate	Increase(+) Decrease(-)
FTE					
Direct	945	963	956	1,063	+107
Information Technology	44	421	42	44	+2
Management Direction and Support	126	18	127	148	+21
Total FTE	1,115	1,123	1,125	1,255	+130
Obligations:					
Personal Services	\$93,308	\$99,099	\$99,820	\$116,171	\$+16,351
Travel	1,492	1,712	1,712	1,737	+25
Interagency Motor Pool	258	280	280	290	+10
Transportation of Things	289	327	327	356	+29
Rent, Communications & Utilities	11,812	13,823	12,144	12,751	+607
Printing	287	316	316	321	+5
Other Services	22,231	26,479	21,677	15,116	-6,561
Supplies and Materials	1,419	1,019	1,447	1,476	+29
Equipment	2,371	2,132	1,092	1,114	+22
Insurance Claims	3	6	6	10	+4
VR&E Loan Subsidy	0	0	0	0	0
Total Administrative Obligations	\$133,470	\$145,193	\$138,821	\$149,342	\$+10,521
Reimbursements	\$309	\$305	\$305	\$-305	\$0
Unobligated SOY	\$3,115	\$77	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$77	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0	\$0
Total Appropriation	124,046	\$0	\$138,516	\$149,037	\$+10,521
Transfers from VHA ^{2/}	6,000	\$0	\$0	\$0	\$0
Appropriation Adjusted	130,046	\$144,888	\$138,516	\$149,037	\$+10,521
Outlays	\$120,190	\$140,288	\$133,080	\$143,852	\$+10,772

Note: Dollars may not add due to rounding in this and subsequent charts.

^{1/} 2005 includes non-payroll Information Technology obligations of \$9.883 million (appropriated). 2006 Current Estimate and 2007 Estimate do not include non-payroll IT funding which has been transferred to the new VA IT appropriation.

^{2/}\$6 million was transferred from VHA in accordance with PL 108-324, for costs associated with processing claims.

Total Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2005 ^{1/} Actual	2006		2007 ^{1/} Estimate	Increases (+) Decreases (-)
		Budget Estimate	Current ^{1/} Estimate		
VBA Housing FTE:					
Direct	773	868	774	762	-12
Information Technology	109	101	99	102	+3
Management Direction and Support	167	107	115	107	-8
Total FTE	1,049	1,076	988	971	-17
Housing Administrative Expenses:					
Personal Services	\$84,331	\$89,606	\$83,808	\$85,732	\$+1,924
Travel	1,752	2,467	2,467	2,358	-109
Interagency Motor Pool	347	499	499	517	+18
Transportation of Things	251	342	342	360	+18
Rent, Communications & Utilities	14,393	16,000	8,705	9,140	+435
Printing	327	339	339	339	0
Other Services	41,709	37,319	31,709	25,870	-5,839
Supplies and Materials	1,007	1,131	1,131	1,154	+23
Equipment	4,633	1,691	1,691	1,725	+34
Insurance Claims	3	5	5	9	+4
Total Administrative Obligations	\$148,753	\$149,399	\$130,696	\$127,204	\$-3,492
<i>Reimbursement from Credit Accounts</i>	\$-148,721	\$-149,359	\$-130,656	\$-127,164	\$+3,492
<i>Reimbursement from Franchise Fund</i>	\$-32	\$-40	\$-40	\$-40	\$0
<i>Total Reimbursements/Obligations</i>	\$-148,753	\$-149,399	\$-130,696	\$-127,204	\$+3,492
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0	\$0
Total Appropriation (net)	\$0	\$0	\$0	\$0	\$0
Total Outlays (net)	\$0	\$0	\$0	\$0	\$0

Note: Dollar amounts may not add due to rounding in this and subsequent charts.

^{1/} 2005 includes non-payroll Information Technology obligations of \$20.401 million (reimbursed). 2006 Current Estimate and 2007 Estimate do not include non-payroll IT funding which has been transferred to the new VA IT appropriation.

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2005 ^{1/} Actual	2006		2007 ^{1/} Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current ^{1/} Estimate		
FTE					
Direct	400	422	418	422	+4
Information Technology	30	30	30	30	0
Management Direction and Support	58	55	55	51	-4
Total FTE	488	507	503	503	0
Obligations:					
Personal Services	\$32,017	\$34,780	\$34,647	\$36,317	+\$1,670
Travel	189	224	164	169	+5
Interagency Motor Pool	10	10	10	11	+1
Transportation of Things	1	13	1	1	0
Rents, Communications & Utilities	6,986	6,489	5,207	5,675	+468
Printing	29	83	29	30	+1
Other Services	1,992	1,771	1,110	1,255	+145
Supplies and Materials	348	384	348	360	+12
Equipment	1,368	1,595	300	400	+100
Total Administrative Obligations	\$42,940	\$45,349	\$41,816	\$44,218	+\$2,402
Reimbursements	\$-38,641	\$-40,928	\$-37,532	\$-39,863	\$-2,331
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0	\$0
Other Adjustments	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$4,299	\$4,421	\$4,284	\$4,355	+\$71
Transfers from VHA	\$0	\$0	\$0	\$0	\$0
Appropriation Adjusted	\$4,299	\$4,421	\$4,284	\$4,355	+\$71
Outlays	\$4,060	\$4,120	\$4,066	\$4,128	+\$62

Note: Dollars may not add due to rounding in this and subsequent charts.

^{1/} 2005 includes non-payroll Information Technology obligations of \$5.073 million (\$1.474 million appropriated; \$3.599 million reimbursed). 2006 Current Estimate and 2007 Estimate do not include non-payroll IT funding which has been transferred to the new VA IT appropriation.

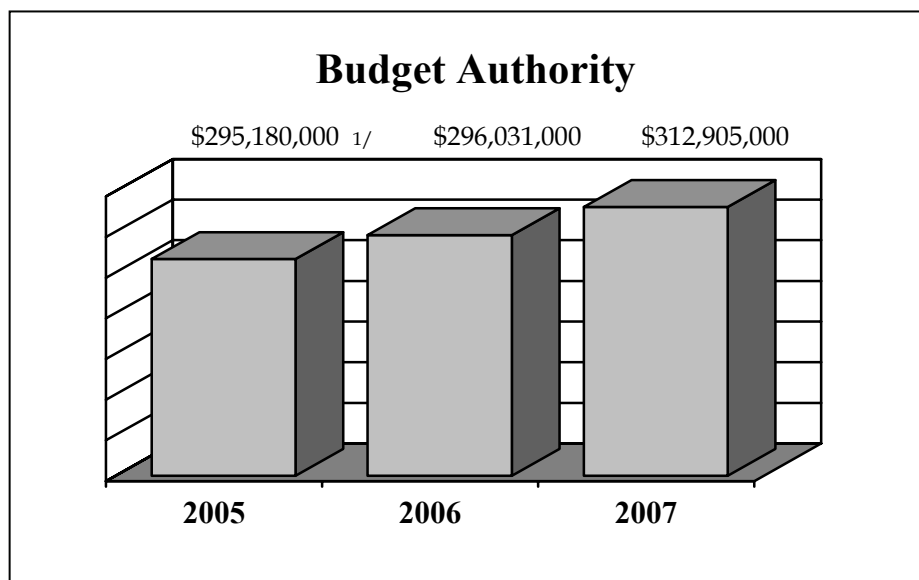
The following chart gives a brief summary of the resources and FTE planned for each initiative. A complete description of all the VBA initiatives can be found in each respective program chapter.

2007 Congressional Submission VBA Initiative Investments (000's)								
	2006 Current Estimate				2007 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Telephone QA	-	-	-	-	727	10	737	8
C&P Subtotal	\$0	\$0	\$0	-	\$727	\$10	\$737	8
VBA-Wide:								
Collocation-Relocation	-	3,811	3,811	-	-	4,438	4,438	-
Finance Reorg.- CAA/CVA	830	648	1,478	16	-	-	-	-
Training- TPSS	-	-	-	-	-	3,400	3,400	-
Skills Certification	82	520	602	1	-	1,400	1,400	-
VBA-Wide Subtotal	912	4,979	5,891	17	-	9,238	9,238	-
C&P Total	\$912	\$4,979	\$5,891	17	\$727	\$9,248	\$9,975	8
EDUCATION								
Education Subtotal	\$0	\$0	\$0	-	\$0	\$0	\$0	-
VBA-Wide:								
Collocation-Relocation	-	123	123	-	-	-	-	-
Finance Reorg.- CAA/CVA	104	81	185	2	-	-	-	-
Training- TPSS	-	2,150	2,150	-	-	-	-	-
Skills Certification	-	600	600	-	-	600	600	-
VBA-Wide Subtotal	104	2,954	3,058	2	-	600	600	-
Education Total	\$104	\$2,954	\$3,058	2	\$0	\$600	\$600	0
VOCATIONAL REHABILITATION & EMPLOYMENT								
Data Centric Transition	-	-	-	-	-	-	-	-
Task Force Recommendations	-	-	-	-	-	682	682	-
Process Improvements	-	4,350	4,350	-	-	-	-	-
VR&E Subtotal	\$0	\$4,350	\$4,350	-	\$0	\$682	\$682	-
VBA-Wide:								
Collocation-Relocation	-	491	491	-	-	562	562	-
Finance Reorg.- CAA/CVA	104	81	185	2	-	-	-	-
Training- TPSS	-	125	125	-	-	-	-	-
Skills Certification	-	-	-	-	-	-	-	-
VBA-Wide Subtotal	104	697	801	2	-	562	562	-
VR&E Total	\$104	\$5,047	\$5,151	2	\$0	\$1,244	\$1,244	0
HOUSING								
Housing Subtotal	\$0	\$0	\$0	-	\$0	\$0	\$0	-
VBA-Wide:								
Collocation-Relocation	-	20	20	-	-	-	-	-
Finance Reorg.- CAA/CVA	104	81	185	2	-	-	-	-
Training- TPSS	200	590	790	2	-	-	-	-
Skills Certification	-	-	-	-	-	-	-	-
VBA-Wide Subtotal	304	691	995	4	-	-	-	-
Housing Total	\$304	\$691	\$995	4	\$0	\$0	\$0	0
Insurance Total	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide								
Collocation-Relocation	-	4,445	4,445	-	-	5,000	5,000	-
Finance Reorg.- CAA/CVA	1,141	891	2,032	22	-	-	-	-
Training- TPSS	200	2,865	3,065	2	-	3,400	3,400	-
Skills Certification	82	1,120	1,202	1	-	2,000	2,000	-
VBA-Wide Subtotal	\$1,423	\$9,322	\$10,746	25	\$0	\$10,400	\$10,400	0
TOTAL OBLIGATIONS	\$1,423	\$13,672	\$15,095	25	\$727	\$11,092	\$11,819	8

General Administration

This appropriation, along with reimbursements from: (1) the credit reform appropriations and (2) other miscellaneous accounts fund the Department of Veterans Affairs General Administration activity.

General Administration provides funding for the Office of the Secretary, six Assistant Secretaries, the Board of Veterans Appeals, the Board of Contract Appeals, and the General Counsel. The General Administration function provides management direction and administrative support to all Department programs.



1/ 2005 includes \$28.4 million in non pay information technology (IT) funding. Beginning in 2006, all non pay IT funding is included in the VA Central IT Fund.

Budget authority of \$312,905,000 and 2,781 FTE are requested to support the General Administration activity in 2007. The budget request is \$16.9 million above the enacted 2006 level. In total, the General Administration budget authority, combined with \$75.9 million in estimated reimbursements, will provide for total gross obligations of \$388.8 million in 2007. Highlights of the 2007 request are summarized below.

The Board of Contract Appeals (BCA) is requesting \$1.8 million in budget authority and 12 FTE for 2007. This funding level will ensure that BCA can continue to improve the timeliness of appeal decisions, increase the percentage of cases using Alternative Dispute Resolution (ADR), and promote the use of ADR throughout the Department for non-contractual matters, such as workplace disputes.

The Board of Veterans' Appeals is requesting \$55.3 million to support 444 FTE in FY 2007. The request is a total of \$2.4 million above the 2006 level and funds pay raises and inflation and funding to sustain 10 additional FTE hired in 2006 to address the appeals workload and cycle time. This budget increase along with the management improvements BVA is currently undertaking will allow the Board to improve both the accuracy and number of appeals decided per veterans law judge in 2007 from the 2005 actual levels.

Office of the General Counsel (OGC) is requesting \$75.6 million and 656 FTE to support its operations in Fiscal Year 2007. The OGC request includes \$64.8 million in GOE budget authority, \$5 million in credit administrative reimbursements, and approximately \$5.8 million in other reimbursements. The funds received through reimbursements will support 115 of the 656 FTE. OGC's request represents a \$3.9 million increase in direct budget authority over the FY 2006 enacted levels. This increase will fund the 2.2% annual payroll increase, associated increases in personnel benefits, and an additional 6 FTE. The OGC will focus its recruiting efforts, whenever possible, on paralegal professionals who will extend the capacity of the attorney workforce to meet client requirements.

The Office of Management (OM) is requesting \$40.6 million in budget authority and 317 FTE to support its operations in 2007. The budget authority, together with \$6.0 million in reimbursable authority, will provide for estimated total obligations of \$46.6 million in 2007.

The Office of Management will continue maintaining the VA's current Payroll/HR system, PAID, to implement legislative and other mandatory requirements and to support the migration of VA's payroll services to Defense Finance and Accounting Service (DFAS) as mandated by the Administration's E-Payroll initiative. VA will complete migration to DFAS by an agreed upon phased migration schedule. \$8.1 million is requested in 2007 in VA's Central IT Fund to continue the migration to DFAS.

The budget also includes funding for the Office of Asset Enterprise Management (OAEM) to continue to provide oversight in the capital asset arena to ensure a consistent and cohesive Department approach to capital asset management. OAEM is responsible for providing oversight activities relating to implementation of CARES capital recommendations, developing and executing public/private ventures (enhanced-use leasing proposals), energy co-generation projects, capital collaborations with the Department of Defense, Departmental capital investment process and methodology, and the implementation of VA's Capital Asset Management System (CAMS) which will enable VA to better manage its diverse portfolio of capital assets throughout VA.

The Office of Information and Technology (OI&T) is requesting \$35.9 million in Budget Authority (BA) and 496 FTE to support its operations in FY 2007. This request, combined with \$22.7 million in payroll reimbursements to help support department wide activities, will provide OI&T with a total obligational authority of \$58.6 million in 2007. Since all VA non-pay IT requirements are now funded through the new Departmental IT account, the OI&T budget request is primarily to provide personal services and related support costs required to manage and oversee IT operations and department-wide initiatives.

VA's Chief Information Officer (CIO) will be responsible for the oversight and management of the agency's new department-wide non-payroll IT account. This includes budget formulation and execution of VA's IT portfolio, policy direction for IT initiatives, and ensuring VA is in compliance with regulatory and legislative IT requirements. A description of the department's IT budget request can be found in the department-wide IT section of the transmittal package, as well as the IT chapter in the budget submission.

The Office of Human Resources and Administration (HR&A) is requesting \$97.7 million in total obligational authority and 535 FTE in 2007. Of this total, \$64.2 million and 286 FTE are directly appropriated and \$33.5 million and 249 FTE are in reimbursement authority. Within these resources, \$29.9 million is for ORM operations. The budget request includes \$1.3 million in current services adjustments for pay and non-pay increases.

Office of Policy, Planning, and Preparedness (OPPP) is requesting \$27.6 million and 119 FTE in FY 2007. This increase provides for pay raises and inflation over the 2006 enacted level. With these resources, OPPP will improve its capability to support a range of critical policy and management analysis functions including surveying, forecasting, and analyzing the veteran population, modeling and simulating program and resource requirements, conducting cost effectiveness and life cycle cost analyses, and creating statistical data bases. OPPP will begin evaluations of four major programs, enhance business process reengineering and workforce planning, and develop a new VA strategic plan. OPPP will continue to enhance the capacity of VA to respond to any threat or natural disaster and conduct exercises to demonstrate preparedness.

The Office of Public and Intergovernmental Affairs (PIA) is requesting \$10.8 million and 83 FTE in 2007, a \$266 thousand increase above the 2006 enacted level. This increase is attributed to pay raises and non-pay inflation adjustments. The budget request includes funding to continue the Department's Center for Faith Based and Community Initiatives. This activity is consistent with Executive Order 13342 signed by the President on June 1, 2004 creating new centers at three federal agencies, including VA.

The Office of Congressional and Legislative Affairs (OCLA) is requesting \$4.4 million and 40 FTE in 2007. This is an increase of \$101 thousand above the 2006 enacted level to fund current services pay and inflation increases.

Activity Highlights (dollars in thousands)					
	2005 Actual	2006		2007 Request	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Office of the Secretary:					
Budget Authority	\$7,181	\$7,449	\$7,378	\$7,549	\$171
Reimbursements	\$2,188	\$2,889	\$2,962	\$2,894	-\$68
Net carryover	\$813	\$0	\$0	\$0	\$0
Obligations	\$10,182	\$10,338	\$10,340	\$10,443	\$103
Average Employment	76	79	79	79	0
Board of Contract Appeals:					
Budget Authority	\$1,618	\$1,810	\$1,780	\$1,820	\$40
Net carryover	-\$273	\$0	\$273	\$0	-\$273
Obligations	\$1,345	\$1,810	\$2,053	\$1,820	-\$233
Average Employment	9	12	12	12	0
Board of Veterans' Appeals:					
Budget Authority	\$51,235	\$53,067	\$52,918	\$55,309	\$2,391
Net carryover	-\$1,587	\$0	\$1,400	\$0	-\$1,400
Obligations	\$49,648	\$53,067	\$54,318	\$55,309	\$991
Average Employment	433	434	445	444	-1
Office of the General Counsel:					
Budget Authority	\$58,586	\$61,823	\$60,898	\$64,784	\$3,886
Reimbursements	\$10,202	\$10,512	\$10,502	\$10,782	\$280
Net carryover	\$587	\$0	\$0	\$0	\$0
Obligations	\$69,375	\$72,335	\$71,400	\$75,566	\$4,166
Average Employment	646	650	650	656	6
Assistant Secretary for Management:					
Budget Authority	\$38,300	\$48,481	\$37,966	\$40,592	\$2,626
Reimbursements	\$4,361	\$5,202	\$5,077	\$5,991	\$914
Net carryover	-\$5,076	\$0	\$11,932	\$0	-\$11,932
Obligations	\$37,585	\$53,683	\$54,975	\$46,583	-\$8,392
Average Employment	258	299	303	317	14
Assistant Secretary for Information and Technology:					
Budget Authority	\$43,158	\$45,580	\$33,786	\$35,846	\$2,060
Reimbursements	\$203,973	\$302,515	\$22,204	\$22,734	\$530
Net carryover	-\$2,510	\$0	\$0	\$0	\$0
Obligations	\$244,621	\$348,095	\$55,990	\$58,580	\$2,590
Average Employment	356	532	496	496	0
Assistant Secretary for Human Resources and Administration:					
Budget Authority	\$53,724	\$62,987	\$59,435	\$64,179	\$4,744
Reimbursements	\$39,779	\$31,344	\$30,632	\$33,514	\$2,882
Net carryover	\$1,494	\$0	\$0	\$0	\$0
Obligations	\$94,997	\$94,331	\$90,067	\$97,693	\$7,626
Average Employment	513	529	531	535	4

Activity Highlights (dollars in thousands)					
	2005 Actual	2006		2007 Request	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Assistant Secretary for Policy, Planning, and Preparedness:					
Budget Authority	\$26,848	\$27,546	\$27,026	\$27,615	\$589
Reimbursements	\$490	\$0	\$0	\$0	\$0
Net carryover	-\$1,405	\$0	\$4,815	\$0	-\$4,815
Obligations	\$25,933	\$27,546	\$31,841	\$27,615	-\$4,226
Average Employment	100	119	117	119	2
Assistant Secretary for Public and Intergovernmental Affairs:					
Budget Authority	\$10,226	\$11,627	\$10,509	\$10,775	\$266
Net carryover	-\$728	\$0	\$0	\$0	\$0
Obligations	\$9,498	\$11,627	\$10,509	\$10,775	\$266
Average Employment	75	88	83	83	0
Assistant Secretary for Congressional and Legislative Affairs:					
Budget Authority	\$4,304	\$4,518	\$4,335	\$4,436	\$101
Net carryover	-\$237	\$0	\$430	\$0	-\$430
Obligations	\$4,067	\$4,518	\$4,765	\$4,436	-\$329
Average Employment	34	40	40	40	0
Totals:					
Budget Authority	\$295,180	\$324,889	\$296,031	\$312,905	\$16,874
Reimbursements	\$260,993	\$352,462	\$71,377	\$75,915	\$4,538
Net carryover	-\$8,922	\$0	\$18,850	\$0	-\$18,850
Obligations	\$547,251	\$677,350	\$386,257	\$388,819	\$2,562
Average Employment	2,499	2,782	2,756	2,781	25

Office of the Inspector General

This appropriation provides funding for the operation of the Office of the Inspector General (OIG). OIG, established by the Inspector General Act of 1978, is responsible for the audit, investigation, and inspection of all Department of Veterans Affairs (VA) programs and operations.

OIG, in accordance with the Act: (a) conducts audits, investigations and inspections of VA programs and operations and other activities carried out or financed by VA; (b) makes recommendations for (1) promoting economy, efficiency, and effectiveness and (2) preventing and detecting fraud, waste, and abuse in VA programs and operations; and (c) keeps the Secretary and Congress fully and currently informed about problems and deficiencies relating to the administration of VA programs and operations and the necessity of corrective actions; and (d) provides leadership and coordination on complex audit, investigative, and inspection matters.

<i>Appropriation Highlights</i> <i>(dollars in thousands)</i>				
	2005 Actual	2006 Estimate	2007 Estimate	Increase (+) Decrease (-)
Funding:				
Appropriation	\$69,712	\$69,074	\$69,499	+\$425
Rescission	-\$558	0	0	0
BA Expiring	-\$76	0	0	0
Reimbursements	\$2,717	\$3,264	\$3,420	+\$156
Net Change in Carryover	-\$1,621	\$3,343	0	-\$3,343
Obligations	\$70,174	\$75,681	\$72,919	-\$2,762
Average employment	\$454	\$510	\$483	\$-27

OIG carries out operations through four Assistant Inspectors General (AIGs): AIG for Auditing; AIG for Investigations; AIG for Healthcare Inspections; and AIG for Management and Administration; and through legal assistance provided by the Office of Counselor to the Inspector General. OIG organization consists of a headquarters located in Washington, DC, and various audit, investigative, and health care inspection field offices located throughout the continental United States.

Budget authority of \$69.5 million and 483 FTE are requested to support the activities of OIG in 2007. The budget authority together with \$3.4 million in estimated reimbursements will provide for total gross obligations of \$72.9 million in 2007. This budget authority will assist OIG in overseeing the quality of health care services rendered our veterans, identifying internal control vulnerabilities in benefit payment processes and detecting fraud through extensive review and analysis of VA databases and matching initiatives.

Acquisition and Materiel Management: Supply Fund

The Supply Fund is responsible for the operation and maintenance of a supply system for VA. Functioning as an intragovernmental revolving fund without fiscal year limitations, it seeks to ensure the most timely, cost-effective acquisition and distribution of goods and services for VA programs. Its primary customer is the Veterans Health Administration (VHA). The Supply Fund plays an active role in supporting VHA's mission to ensure quality medical care is provided on a timely basis to eligible veterans.

The Supply Fund finances the following: (1) a National Acquisition Center or central contracting office; (2) the maintenance of field station inventories; (3) a service and distribution center; (4) a service and reclamation program; (5) a national prosthetics distribution center; and (6) an asset management service.

<i>Income, Expense, and Retained Earnings</i> <i>(dollars in thousands)</i>				
	2005	2006		2007
	Actual	Budget Estimate	Current Estimate	Estimate
Income	\$85,763	\$82,000	\$86,000	\$89,000
Expense	88,770	82,000	86,000	89,000
Net Income	\$3,007	0	0	0
Analysis of retained earnings:				
Retained Earnings, SOY	94,911	95,338	91,904	94,911
Retained Earnings, EOY	\$91,904	\$95,338	\$91,904	\$94,911

The Franchise Fund: Enterprise Centers

The Franchise Fund completed its eighth year of operations on September 30, 2005. The six lines of business (Enterprise Centers) are proving to be very successful. Sales have dramatically increased since our initial year of operations in 1997, i.e., from \$59 million to projected \$428 million in 2007. Annual audits performed by an independent CPA firm, with VA Inspector General oversight, and the Financial and Systems Quality Assurance Service have confirmed full compliance with government-wide and VA cost accounting policies.

The VA Enterprise Centers provide common administrative services to VA and other Government agencies under the authority of the Government Management Reform Act of 1994. In 2007, we request total obligations of \$427 million and an average employment of 744 to support the operations of the VA Enterprise Centers. Obligations have increased by \$33 million due to the greater demand for quality and cost-effective services. The request is based on the VA Enterprise Centers evolving into competitive organizations that provide value-added common administrative services to VA and a wide range of other federal government agencies. This evolution is driving some of the increases over the 2006 estimate.

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. Permanent status was conferred upon the VA Franchise Fund by P.L. 109-114. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. VA Enterprise Centers are the lines of business within the VA Franchise Fund and are expected to have net billings of about \$427 million and employ 744. The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality.

VA Enterprise Centers
Summary of Employment and Obligations
(In thousands)

		2006			
	2005 Actual	Budget Estimate	Current Estimate	2007 Request	Increase (+) Decrease (-)
Average Employment:					
Central Office	4	12	12	12	+0
Field	684	1001	733	732	-1
	688	1,013	745	744	-1
Total					
Obligations:					
Personal Services	\$55,516	\$70,701	\$60,098	\$62,655	+\$2,557
Travel	1,331	3,295	3,640	3,205	-435
Transportation of Things	162	338	106	108	+2
Rents, Communications & Utilities	31,426	41,788	35,759	38,026	+2,267
Printing & Reproduction	1,975	5,599	5,871	6,167	+296
Other Services	155,302	233,385	272,955	303,730	+30,775
Supplies & Materials	2,147	1,875	1,837	1,945	+108
Equipment	10,182	12,192	12,817	10,667	-2,150
Land and Structures	246	10	109	172	+63
Insurance Claims & Indemnities	0	0	0	0	+0
Total	\$258,287	\$369,183	\$393,192	\$426,674	+\$33,482

Pershing Hall Revolving Fund

The Pershing Hall Revolving Fund (PHRF) provides for the obligation and receipt of funds associated with the operation and redevelopment of Pershing Hall, an asset of the United States, located in Paris, France. The United States acquired the property in 1935 from the American Legion under the provisions of Public Law 74-171.

In 1991, VA obtained jurisdiction and control over Pershing Hall through the enactment of Public Law 102-86, which provided for the building's redevelopment and the establishment of a memorial to General Pershing through a long-term lease. On October 20, 1998, the Department leased Pershing Hall for a period of 99 years to the French firm of L.A. Partners. The lease provides for the building's redevelopment as a hotel and the establishment therein of a memorial. In addition to the memorial, the lease also provides for the payment of consideration to VA.

Public Law 102-86 provides for the distribution of proceeds into the Construction Reserve Account of up to \$1 million, following reimbursement of expenses. Upon payment of the \$1 million, such proceeds will be available for projects and activities, determined by the Secretary in keeping with the mission of the Department. The Department can utilize up to \$100,000 annually, the maximum permitted by the law, for these purposes. Such expenditures would be subject to reporting requirements to our oversight committees.

From 2004 - 2014, a payment of 800,000 French Francs (FF) or the equivalent in Euros will be made to the fund, using an exchange rate of 6.50 FF per US dollar, yielding an expected \$145,000 in annual receipts. From 2015 – 2097 annual payments have been negotiated at 1.2 million FF (\$180,180). These payments, however, are subject to escalation as described in the lease.

<i>Funding Highlights</i> (dollars in thousands)					
	2005 Actual	2006		2007 Estimate	Increase(+) Decrease(-)
		Budget Estimate	Current Estimate		
Budget authority (transfer Construction, Major)	\$0	\$0	\$0	\$0	\$0
Obligations	\$37	\$0	\$100	\$100	\$0
Outlays (net)	-\$89	\$0	-\$45	-\$45	\$0
Receipts	\$153	\$125	\$145	\$145	\$0